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# The President's Daily Brief

*August 22, 1974*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

August 22, 1974

PRINCIPAL DEVELOPMENTS

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(Page 1)

Syrian Foreign Minister Khaddam's visit to Washington this week underscores Damascus' interest in continuing to pursue negotiations rather than war.  
(Page 3)

Reports that oil producers have begun investing more funds directly in the US were a major factor in the dollar's sharp rise on foreign currency exchanges last week. (Page 4)

Hanoi apparently plans to strengthen logistic units along the infiltration route through southern Laos preparatory to the normal resumption of heavy supply shipments through that corridor during the dry season. In Vietnam, the Saigon government is considering abandoning some of its geographically isolated outposts in the north should they come under heavy communist attack. (Page 5)

Foreign reaction to your nomination of Governor Rockefeller has been generally favorable. We have culled some noteworthy foreign radio and press comments. (Page 6)

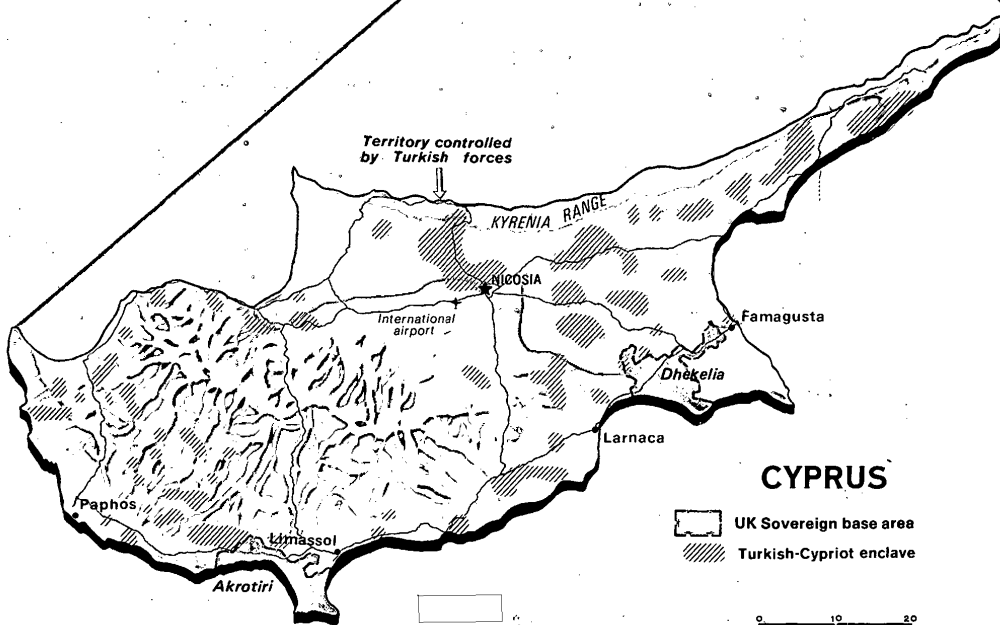
Key judgements of a CIA memorandum--Potential Implications of Trends in World Population, Food Production, and Climate--are presented on Page 7.

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Notes on [ ] Soviet [ ] and Prince Sihanouk's unexpected arrival in Bucharest are on Page 9.

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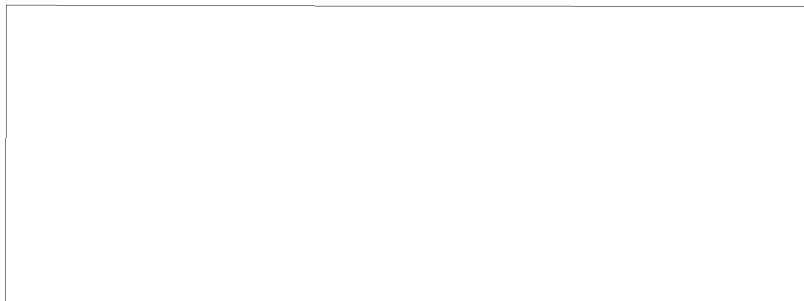
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CYPRUS

Diplomatic efforts to get Greek and Turkish Cypriot leaders talking again made some progress yesterday. Cypriot President Clerides has agreed to meet with his Turkish Cypriot counterpart to discuss urgent humanitarian problems, such as refugees. Although the scope of the discussion is narrow, it is likely to extend to some political matters.

Athens continues to refuse to participate in peace talks until the Turkish forces pull back to the positions they held on August 9, when the demarcation lines were agreed upon. Athens knows this is an impossible condition and clearly wishes to avoid responsibility for negotiating at such a disadvantage, preferring that the Greek Cypriots take the lead for now.

On Cyprus



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Turkish Cypriot leader Denktash warned in a press conference yesterday that the Turkish army would take new military action to protect Turkish Cypriots if President Clerides is unable to control the Greek Cypriots. He told US Ambassador Brown that only a limited number of Greek Cypriots would be permitted to return to their homes in the Turkish area.

Clerides has admitted to Ambassador Brown that he is not politically strong enough to take on the various terrorist groups in Cyprus at this time, but that he would try to bring these elements under some sort of control and disarm them. He said that if the Turks were reasonable his task would be much easier as there is presently considerable confusion among the terrorist groups.

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In Greece

The Greek government has banned all demonstrations and the US embassy reports that anti-US incidents have diminished. Greece, however, continues, to refuse diplomatic clearance for landings at Greek airfields other than Athens, and flights in and out of the capital require six hours prior notification.

The Greek government has not actually issued a recall order for its military personnel at NATO, and this has encouraged some NATO authorities that Athens is having some second thoughts about withdrawing from the NATO integrated command.

The Cease-fire

No reports of major cease-fire violations on Cyprus were received yesterday. The UN contingent patrolling Famagusta is continuing to ignore a Turkish order to withdraw. According to the Greek press, there was an incident yesterday on the Greek/Turkish border in the Evros area in which one Turkish soldier was killed. This is the first incident reported in the border area.

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SYRIA

Foreign Minister Khaddam's visit to Washington this week underscores Syria's interest in continuing to pursue negotiations rather than war. Damascus' reaction over the past month to Israeli military maneuvers and talk of war, for example, has been unusually restrained. President Asad has, however, put the Syrian army on a precautionary alert.

We have seen no indication that Syria is preparing to renew hostilities soon or that Asad is under any pressure to do so. His tough rhetoric, the reorganization and intensive retraining of the Syrian armed forces, and the Soviet military resupply effort--all cited recently as evidence of Syrian hostile intent--seem designed in large part to establish a credible Syrian threat to bolster Asad's negotiating position.

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Without Egyptian support or the element of surprise, the Syrians are aware they would risk a military disaster by carrying out a large-scale attack against Israel. There is always the danger, of course, that the Syrians might become disenchanted with the peace talks. But they do not appear anywhere near that point now.

In the meantime, President Asad seems mainly preoccupied with sorting out his relations with Egypt, Jordan, and the Palestine Liberation Organization in preparation for the next stage of the Geneva talks.

FOR THE PRESIDENT ONLY

## INTERNATIONAL MONETARY DEVELOPMENTS

Reports that oil producers have begun investing more funds directly in the US were a major factor in the dollar's sharp rise on foreign currency exchanges last week. Since August 9, the pound declined nearly 2 percent against the dollar; other European currencies declined as much as 2 percent in relatively active trading.

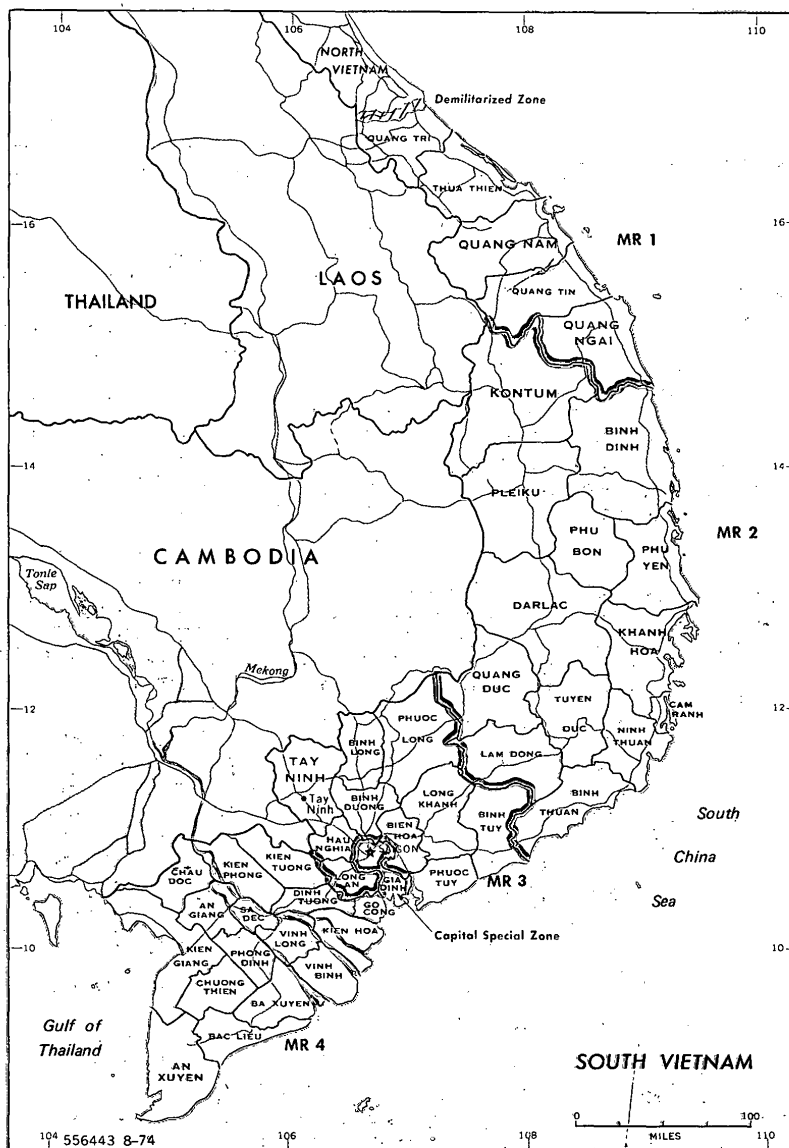
The reports apparently stem from Kuwait's taking a larger part of its mounting oil revenues in dollars. Kuwait is not selling off its sterling holdings, as some press reports indicate. The last oil payment, made to Kuwait at the end of July, consisted of a much higher share of dollars and a relatively lower proportion of sterling than payments made under an agreement with the oil companies that was renegotiated last May.

Although this agreement does not specify the percentages of currencies in which payments must be made, Kuwait's willingness to accept a lower proportion of sterling indicates that it does not intend to increase its sterling holdings as rapidly as in the past.

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INDOCHINA

Hanoi apparently plans to strengthen logistic units along the infiltration route through southern Laos preparatory to the normal resumption of heavy supply shipments through that corridor during the dry season. According to a field translation of a recent intercept, infiltration groups totaling some 3,500 to 4,000 men are scheduled to move south from North Vietnam during early September. This would be the first substantial infusion of manpower into the infiltration system since the fall of 1973, when Hanoi sent more than 22,000 men south.

Most of those men were used to improve and expand communist base areas and roads through the Laos panhandle and western South Vietnam. The North Vietnamese used the Laos road network to move large quantities of supplies as well as numerous troops to the South between November 1973 and May 1974.

As seasonally heavy rains hit Laos early this summer, the communists shifted their logistic activities to the South Vietnam corridor which does not receive heavy rains until September. The North Vietnamese are currently moving large amounts of war materiel along this route through western South Vietnam.

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Continued North Vietnamese military pressure in Quang Ngai and Quang Nam provinces has led the government to consider abandoning some of its geographically isolated outposts in the north, should they come under heavy communist attack.

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GOVERNOR ROCKEFELLER'S NOMINATION

Foreign reaction to your nomination of Governor Rockefeller has been generally favorable. We propose to treat this subject at greater length in a day or two when foreign government reaction should be better known. Meanwhile, the following foreign radio and press comments are noteworthy:

--A Moscow domestic broadcast reported that Governor Rockefeller in 1972 had "highly evaluated" the steps taken to improve US-Soviet relations and had credited them with benefiting the international situation.

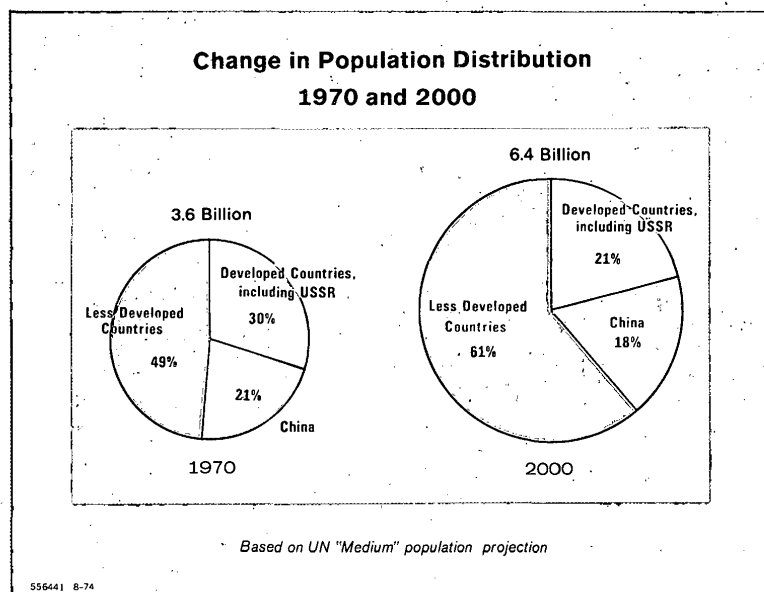
--Israel's independent Yedioit Aharonot, the country's second largest newspaper, hailed the nomination of a "friend of Israel" and a man who will endorse the policy of Dr. Kissinger. Reflecting current pique over the recent US-Jordanian communiqué and the timing of Dr. Kissinger's invitation to Prime Minister Rabin, the paper claimed, however, that the Vice President - designate is a friend "whose help can be sought to check the hasty initiatives of the US Secretary of State."

--Reaction from Taiwan is mixed, the press noting with "reservation" the tremendous interest on the part of the Chase Manhattan Bank to get into China.

--The influential Frankfurter Allgemeine Zeitung reviewed Governor Rockefeller's long career in political and public service and concluded he "will be an influential Vice President."

--The communist L'Humanite of Paris predictably describes your choice as one of "money seeking money," in which the new "non-elected President has chosen Nelson Rockefeller as an also non-elected Vice President."

--The non-communist Stuttgarter Zeitung describes Governor Rockefeller as a "good lobbyist for President Ford in the financial aristocracy," and describes the nomination as a return to the "traditional marriage between the Republicans and big capital."



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POPULATION-FOOD PRODUCTION-CLIMATE

*Following are the key judgments of a CIA memorandum--Potential Implications of Trends in World Population, Food Production, and Climate. The concluding paragraphs, which consider the effects of a cooling climatic trend, necessarily are highly speculative.*

Trying to provide adequate world food supplies will become a problem of overriding priority in the years and decades immediately ahead--and a key role in any successful effort must fall to the US. Even in the most favorable circumstances, with increased devotion of scarce resources and technical expertise, the outcome will be doubtful; in the event of adverse changes in climate, the outcome can only be grave.

The momentum of world population growth, especially in the less developed countries, is such that even strong measures taken now to reduce fertility would not stop rapid growth for decades. Thus, most less developed countries must cope with the needs of much larger populations or face the political and other consequences of rising death rates.

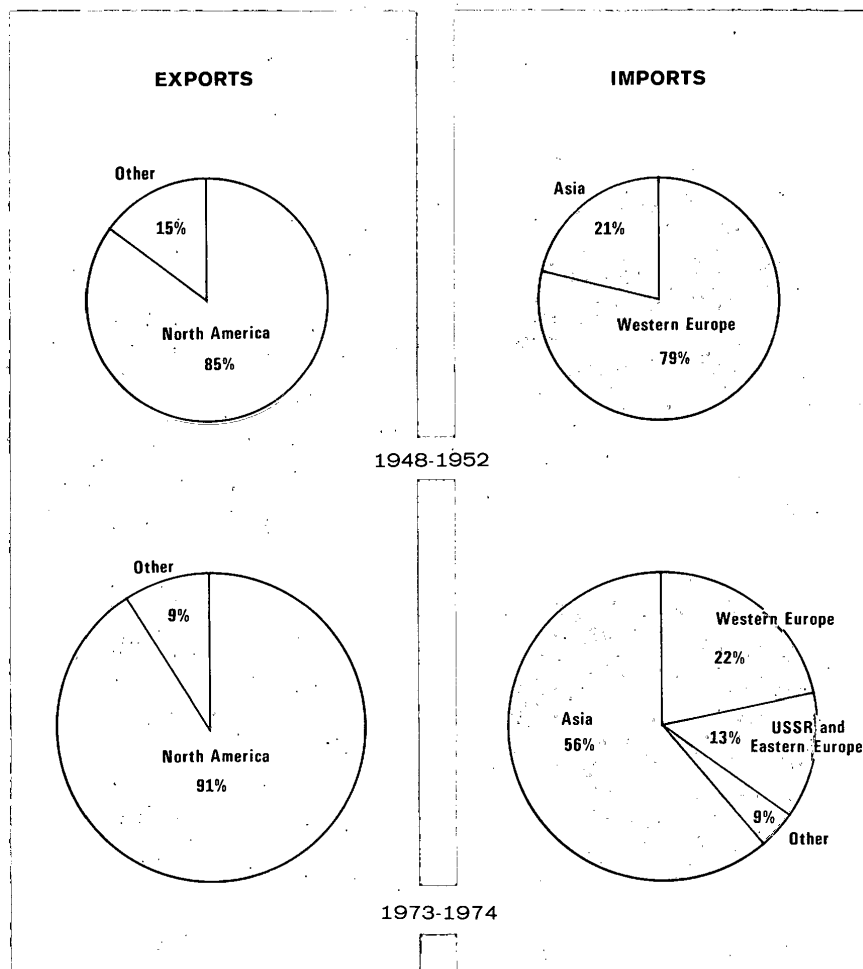
Demand for food rises inexorably with the growth of population and of affluence. Increases in supply are less certain. Man's age-old concerns about the adequacy of food supplies have resumed with particular urgency since the crop-failures of 1972.

The rich countries need have no fear of hunger, though the relative price of food will probably rise at times. The poor, less developed countries must produce most of the additional food they will need to support their growing populations. They cannot afford to import it, nor is it likely they can count on getting enough aid from the food-exporting countries. They face, however, serious political, economic, and cultural obstacles to raising output and are in for considerable strain, at the least, and probably for periods of famine.

The US now provides nearly three fourths of the world's net grain exports, and its role is almost certain to grow over the next several decades. The world's increasing dependence on American surpluses portends an increase in US power and influence, especially vis-a-vis the food-deficit countries. Indeed, in times of shortage, the US will face difficult choices about how to allocate its surplus between affluent purchasers and the hungry world.

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**Direction of Net Grain Trade  
1948-52 and 1973-74 (prelim.)**



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Implications of Climate Change

The implications for the world food situation and for US interests would be considerably more serious *if* climatologists who believe a cooling trend is under way prove to be right.

--*If* the trend continues for several decades, there would almost certainly be an absolute shortage of food. The high-latitude areas, including the USSR and north China, would experience shorter growing seasons and a drop in output. The monsoon-fed lands in Asia and Africa would also be adversely affected.

--US production would probably not be hurt much. As custodian of the bulk of the world's exportable grain, the US might regain the primacy in world affairs it held in the immediate post-World War II era.

--In the worst case, *if* climate change caused grave shortages of food despite US exports, the potential risks to the US would also rise. There would be increasingly desperate attempts on the part of powerful but hungry nations to get grain any way they could. Massive migrations, sometimes backed by force, would become a live issue and political and economic instability would be widespread.

--In the poor and powerless areas, population would have to drop to levels that could be supported. The population "problem" would have solved itself in the most unpleasant fashion.

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NOTES

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Cambodia: Prince Sihanouk arrived unexpectedly in Bucharest on August 20 to attend Romania's 30th Anniversary celebrations of its liberation in World War II. An official delegation from Lon Nol's government, in Bucharest for the World Population Conference, includes former prime minister Hang Tun Hak, who in the past has tried unsuccessfully to open channels to Sihanouk. There is no evidence that Sihanouk plans any contacts with Phnom Penh officials, but the Romanians have expressed interest in acting as intermediaries between the two Khmer belligerents and may try to arrange a meeting.

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